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Croatia

Grain and Feed

Grain Update

2004

Approved by:

Sarah Hanson
U.S. Embassy

Prepared by:

Andreja Misir

Report Highlights:

The new Government of Croatia (elected the end of 2003) has announced it will allow 30,000 MT of wheat to be imported under a 0 % tariff TRQ and release 26,000 MT of wheat from governmental stocks. This action is being taken because of the tight wheat supply due to last year's poor harvest. The price for bread has already increased by 10 percent. If the import measure does not result in a lowering of bread prices, the Government is thinking to announce a second 0% tariff TRQ for 50,000 MT. The current concern regarding the tight wheat supply is a bit premature given Croatia harvested slightly over 600,000 MT of wheat and consumption is at a maximum 630,000 MT.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[HR]

The new Government of Croatia (elected the end of 2003) has announced it will allow 30,000 MT of wheat to be imported under a 0 % tariff TRQ and release 26,000 MT of wheat from governmental stocks. This action is being taken because of the tight wheat supply due to last year's poor harvest. The price for bread has already increased by 10 percent. If the import measure does not result in a lowering of bread prices, the Government is thinking to announce a second 0% tariff TRQ for 50,000 MT of wheat.

Already this week there are some indications that bread prices will go down. However, there is much skepticism regarding this measure because last year Croatia had a similar situation with potatoes when a 0% tariff was implemented. In the end, the import measure had no effect on potato prices because traders built a surplus.

Thus, when combined with Government stocks the current supply is adequate to meet consumption. In addition, the previous Croatian Government established export tariffs to impede possible exports of corn (30% export tariffs from September 2003 through March 2004) and wheat (2.9 Euros/100 kg export tariff from December 2003 to May 2004). Nevertheless, wheat traders (to whom farmers sold most of their wheat vs. directly to bakers) used the situation to tighten supply and raise wheat and flour prices.

This is one of the first measures that the new Government is introducing to stabilize the wheat, flour and bread markets. They plan to introduce tax stamps to prevent black market trade in flour and to collect taxes from approximately 2 billion Kn (\$ 329,597,890) of illegal profits in the baking industry. It is estimated that 200,000 MT of wheat is processed on the black market per year and about 250,000 MT of bread and backing products are sold via the black market per year.